

Message Text

SECRET

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 IO-13 AGRE-00 AID-05 EB-08
ICA-11 COME-00 TRSE-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
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R 261100Z MAY 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9301
INFO AMEMBASSY BANGKOK
AMEMBASSY PARIS
AMCONSUL HONG KONG
CINCPAC
AMEMBASSY ROME

S E C R E T SECTION 1 OF 2 VIENTIANE 0597

CINCPAC FOR POLAD

E.O. 11652: XGDS 1, 4 DIMPTD
TAGS: PORG EPAP VM (WFP)
SUBJECT: WFP TEAM CONDUCTS INSPECTION TOUR OF WFP SUPPORTED PROJECTS
IN SRV

SUMMARY: A TWO MAN TEAM OF WFP EXPERTS VISITED VIET NAM IN
LATE APRIL TO STUDY THE MANAGEMENT OF WFP COMMODITIES PROVIDED
TO WFP-ASSISTED PROJECTS. THE TEAM WAS UNABLE TO FIND ANY
EVIDENCE THAT WFP COMMODITIES OTHER THAN RICE OR FLOUR HAD
BEEN DISTRIBUTED TO DESIGNATED PROJECT BENEFICIARIES. THE
TEAM NOTED THAT WFP FOOD PRODUCTS WERE PRESENT IN NORTHERN
VIET NAM WHERE NO WFP PROJECTS WERE IN OPERATION. THE TEAM
COMMENTED THAT VIETNAM HAD SET UP A NATIONWIDE FOOD RATIONING
SYSTEM AND THAT WFP AID APPARENTLY WAS ADDED INTO THE
GENERAL DISTRIBUTION SYSTEM WITH NO EAR-MARKING OF WFP AID
FOR WFP SUPPORTED PROJECTS.

IN LIGHT OF THE SITUATION THE TEAM HAS PROPOSED TWO

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ALTERNATIVES: 1) THE WFP MIGHT INSIST THAT
WFP PROVIDED AID BE DELIVERED DIRECTLY TO DESIGNATED
PROJECT BENEFICIARIES OR 2) WFP AID MIGHT BE EXCHANGED
FOR "EQUIVALENT FOOD ITEMS" WITHIN THE SRV'S FOOD
RATIONING SYSTEM. THE TEAM NOTED THAT THE CONSEQUENCES
OF THE LATTER, INCLUDING REACTIONS OF DONORS MUST BE
CONSIDERED BY ROME. THE FORMER WOULD ENTAIL CLOSER

MONITORING AND MIGHT MEET WITH RESISTANCE FROM THE VIETNAMESE GOVERNMENT WHICH COULD SEE THE PLAN AS THREATENING THE PRINCIPLES OF THEIR FOOD SUPPLY SYSTEM. END SUMMARY.

1. A WFP REPRESENTATIVE TOURED PARTS OF SOUTHERN AND NORTHERN VIET NAM IN MARCH AND ESTIMATED THAT THE 1978 SRV FOOD SUPPLY DEFICIT (THE DIFFERENCE BETWEEN DOMESTIC OUTPUT AND DOMESTIC REQUIREMENTS) WOULD BE 1,600,000 METRIC TONS. OF THIS ONLY 1,100,000 TONS THUS FAR WERE PROVIDED FOR IN ANTICIPATED COMMERCIAL AND CONCESSIONAL IMPORTS.

2. COMMENTING ON THE MANAGEMENT OF WFP COMMODITIES, THE REPRESENTATIVE FOUND NO EVIDENCE THAT WFP AID, OTHER THAN RICE AND FLOUR, HAD BEEN DISTRIBUTED TO DESIGNATED WFP PROJECT BENEFICIARIES.

3. NOTING THAT \$89 MILLION IN WFP AID HAD ALREADY BEEN ALLOCATED TO VIET NAM, THE REPRESENTATIVE RECOMMENDED THAT AN ADDITIONAL \$35 MILLION BE SPENT PROVIDED THE VIETNAMESE GOVERNMENT GAVE ASSURANCES THAT WFP-SUPPLIED COMMODITIES, OR EQUIVALENT COMMODITIES EXCHANGED FOR THEM, WOULD BE DISTRIBUTED TO PROJECT BENEFICIARIES. THE RECOMMENDATION WAS ALSO CONDITIONED ON VIETNAMESE AGREEMENT TO SUBMIT QUARTERLY REPORTS SHOWING RECEIPT,
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LOAN, REPLACEMENT, AND/OR EXCHANGE OF COMMODITIES WHENEVER APPLICABLE AS WELL AS ACTUAL DISTRIBUTION TO THE BENEFICIARIES. THE REPRESENTATIVE ALSO URGED THAT THE SRV SUBMIT ANNUAL ACCOUNTS.

4. THE REPRESENTATIVE RECOMMENDED THAT WFP ASSISTANCE NOT BE PROVIDED FOR AN SRV JANUARY 1978 REQUEST TO SUPPORT TRAINING OF SCIENTISTS, MANAGERS, AND SKILLED WORKERS DURING THE PERIOD 1978 TO 1980. SUPPORT OF THIS PROJECT WOULD HAVE REQUIRED OVER 100,000 TONS OF RICE, MEAT, AND OIL EACH YEAR.

5. IN A CONFIDENTIAL REPORT TO WFP ROME DATED APRIL 11, THE HEAD OF THE TWO MAN DELEGATION NOTED THE FINDINGS OF THE MARCH REPORT THAT THERE HAD BEEN NO EVIDENCE THAT WFP COMMODITIES OTHER THAN RICE AND FLOUR HAD BEEN DISTRIBUTED TO WFP PROJECT BENEFICIARIES. HE UNDERLINED THIS FINDING BY POINTING OUT THAT WFP SUPPLIED PROJECTS EVEN WERE FOUND IN NORTHERN VIET NAM WHERE NO WFP PROJECTS EXISTED. THE APRIL REPORT STRESSED, HOWEVER, THAT THE QUESTION OF MANAGEMENT OF WFP PROJECT COMMODITIES IN VIET NAM SHOULD BE ANALYSED IN THE CONTEXT OF THE

SRV'S NATIONAL FOOD RATIONING SYSTEM (SEE SEPTTEL),
INTO WHICH WFP AID WAS CHanneLED, IRRESPECTIVE OF ANY
SPECIFIC EARMARKING OF THE WFP AID FOR SPECIFIC WFP
SUPPORTED PROJECTS.

6. THE REPORT NOTED THAT AT FOOD DISTRIBUTION CENTERS,
LEDGERS SHOWED NO SEPARATE ACCOUNT FOR WFP AID, THOUGH
THE TEAM MEMBERS RECOGNIZED SOME WFP AID BY ITS BRAND
NAMES. DESPITE REPEATED REQUESTS, VIENTANESE AUTHORITIES
WOULD NOT PERMIT THE TEAM TO INTERVIEW DESIGNATED BENE-
FICIARIES. THE TEAM DISCOVERED THAT 1,122 TONS OF DSM
(MILK), INTENDED FOR PREGNANT/NURSING MOTHERS, CHILDREN,
AND SICK PEOPLE, HAD BEEN EXCHANGED FOR SWEET CONDENSED
MILK WHICH WAS MORE ACCEPTABLE TO THE POPULATION AS A
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ICA-11 AGRE-00 AID-05 EB-08 IO-13 COME-00 TRSE-00
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R 261100Z MAY 78
FM AMEMBASSY VIENTIANE
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INFO AMEMBASSY BANGKOK
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CORRECTED COPY (PARA 9)

CINCPAC FOR POLAD

7. THE TEAM OBSERVED THAT WHILE DESIGNATED BENEFICIARIES WERE NOT RECEIVING THE WFP CEREAL AID EARMARKED FOR THEM, GOVERNMENT FIGURES INDICATED THAT THE DESIGNATED BENEFICIARIES WERE RECEIVING THROUGH THE NATIONAL FOOD RATION SYSTEM MORE CEREAL FOODS THAN HAD BEEN PROVIDED FOR IN THE PROJECT DOCUMENT. AS FOR THE OTHER WFP AID (OIL, MEAT, FISH, AND DSM) THE TEAM WAS UNABLE TO DETERMINE FI RATIONS EQUIVALENT TO THE WFP AID WERE REACHING THE EDESIGNATED BENEFICIARIES THROUGH THE NATIONAL SYSTEM.

8. THE REPORT CONCLUDED THAT MANAGEMENT OF WFP FOOD AID IN VIET NAM REPRESENTED A GENERALLY "GOOD USE OF WFP FOOD INPUTS," ALTHOUGH THE DISTRIBUTION SYSTEM ADOPTED BY THE COUNTRY "DID NOT CORRESPOND ENTIRELY" TO THE TRADITIONAL WFP PROJECT APPROACH AS DESCRIBED IN THE
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PROJECT DOCUMENTS.

9. THE TEAM RECOMMENDED THE FOLLOWING:

(A) THAT THE "PROJECT APPROACH" BE MAINTAINED: THAT ADDITIONAL PROJECTS BE DESIGNED/DEVELOPED (AND THAT PROJECT 2278 BE EXTENDED, SEE SEPTTEL ON SPECIFIC WFP PROJECT)

(B) THAT WHEAT FLOUR CONTINUE TO BE PROVIDED AS THE BASIC WFP RATION;

(C) THAT TWO ALTERNATIVE APPROACHES BE CONSIDERED FOR FUTURE ASSISTANCE STRATEGY; 1) THAT FOOD COMMODITIES BE PROVIDED WITH THE UNDERSTANDING THAT THE VIETNAMESE GOVERNMENT MAY EXCHANGE THESE FOR EQUIVALENT FOOD ITEMS THROUGH THE NATIONAL FOOD RATION SYSTEM. (THE REPORT NOTED THAT IF THIS APPROACH WERE ADOPTED "CLEARER INFORMATION AS TO THE ACTUAL RATION--OTHER THAN RICE/FLOUR--WOULD BE REQUIRED." THE REPORT NOTED THAT "CONSEQUENCES OF SETTING THIS PRECEDENT SUCH AS THE REACTIONS OF DONORS AND OTHER RECIPIENTS MUST BE CONSIDERED BY MANAGEMENT." THE SECOND ALTERNATIVE CALLED FOR: 2) INSISTENCE THAT WFP FOOD COMMODITIES BE DISTRIBUTED TO THE DESIGNATED BENEFICIARIES. THE REPORT NOTED THAT THIS WOULD REQUIRE INCREASED WFP MONITORING AND THAT IF IMPLEMENTED, THE VIETNAMESE MIGHT FEEL THAT IT WOULD SERIOUSLY AFFECT THE VERY PRINCIPLES ON WHICH THEIR FOOD RATION SYSTEM WAS BASED.

10. WHILE NOT OFFERING A SPECIFIC RECOMMENDATION AS TO WHICH ALTERNATIVE TO CHOOSE, THE REPORT DID NOTE THAT THE FIRST ALTERNATIVE WOULD BE "LESS DISRUPTIVE OF THE SRV FOOD SUPPLY SYSTEM." THE REPORT CONCLUDES BY URGING THAT THE SRV BE INFORMED OF WFP REQUIREMENTS

FOR MONITORING OF WFP INPUTS TO THE ASSISTED PROJECTS.

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11. IN A SEPARATELY MAY 15 LETTER TO THE UNRESREP IN HANOI (SEE SEPTTEL ON WFP-VIETNAMESE DISCUSSIONS), WFP OFFICIALS NOTED THAT FOR TWO YEARS "IT HAS BEEN IMPOSSIBLE FOR WFP STAFF MEMBERS EITHER FROM THE FIELD OR FROM HEADQUARTERS TO HAVE ACCESS, AS IS THE CASE IN ALL COUNTRIES ASSISTED BY WFP, TO THE BENEFICIARIES...AND TO ASSIST (THE) DISTRIBUTION OF FOODSTUFFS AS REQUIRED IN THE PROJECT'S AGREEMENT."

12. COMMENT: IN MAKING ITS RECOMMENDATIONS, THE TEAM APPARENTLY ACCEPTED UNQUESTIONINGLY GOVERNMENT FIGURES WHICH INDICATED THAT WFP PROJECT BENEFICIARIES WERE RECEIVING THROUGH THE SRV NATIONAL FOOD RATION SYSTEM "MORE CEREAL FOODS THAN HAD BEEN PROVIDED FOR IN THE PROJECT DOCUMENT." GIVEN THE TEAM'S INABILITY TO GAIN ACCESS TO BENEFICIARIES OR TO PARTICIPATE IN DISTRIBUTION OPERATIONS, THIS WILLINGNESS OF THE TEAM TO ACCEPT THE GOVERNMENT'S FIGURES SEEMS A BIT HASTY. THE WFP HAS MADE KNOWN TO THE VIETNAMESE THAT IT MUST BE ALLOWED TO MONITOR WFP COMMODITY MANAGEMENT MORE CLOSELY IN THE FUTURE (SEE SEPTTEL ON WFP-VIETNAMESE DISCUSSIONS). MOREOVER, GOIVEN CHRONIC CHARGES OF HARSH CONDITIONS IN SRV-RUN MASS LABOR PROJECTS SIMILAR TO THE WFP-SUPPORTED EFFORTS (SEE SEPTTEL ON WFP PROJECTS) INSISTENCE THAT WFP COMMODITY ASSISTANCE BE DISTRIBUTED ONLY TO THE DESIGNATED BENEFICIARIES (WHICH PROPER WFP MONITORING) MIGHT BE THE MORE PRUDENT COURSE.
ROBERTS

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